

Nigerian Scams

aka

Advance Fee or 4-1-9



**Don't let dreams of easy money
draw you into an international scam.**

State of Tennessee
Department of Commerce and Insurance



Securities Division

Definitio

This scam began to surface in the early 1980's originating out of Nigeria and has grown to encompass victims in many countries robbing people of well over 5 billion dollars. It is known as the Nigerian Letter Fraud, Advance Fee Fraud or 4-1-9 Fraud. It is the third to fifth largest industry in Nigeria.

The schemes have taken on new forms and with the advent of the internet and email, have grown worldwide at an alarming rate. The perpetrators of this fraud are very inventive. The actual letter may vary, but most have several things in common:



- An individual or company receives a letter or fax from an alleged "official" representing a foreign government or agency;
- An offer is made to transfer millions of dollars in "over invoiced contract" funds into your personal bank account;
- You are encouraged to travel overseas to complete the transaction;
- You are requested to provide blank company letterhead forms, banking account information, telephone/fax numbers;
- You receive numerous documents with official looking stamps, seals and logo testifying to the authenticity of the proposal;
- Eventually you must provide up-front or advance fees for various taxes, attorney fees, transaction fees or bribes;
- Other forms of 4-1-9 schemes include: c.o.d. of goods or services, real estate ventures, purchases of crude oil at reduced prices, beneficiary of a will, recipient of an award and paper currency conversion.

Secret Service agents have been assigned on a temporary basis to the American Embassy in Lagos to address the problem in that arena. Agents have established liaison with Nigerian officials, briefed other embassies on the widespread problem, and have assisted in the extrication of U.S. citizens in distress.



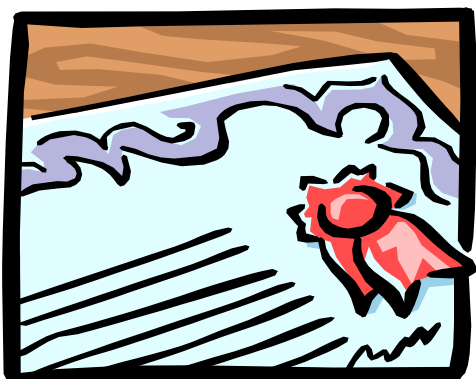
None of us want to believe that we would enter into such an obviously suspicious relationship. However, a large number of victims are enticed into believing they have been singled out from the masses to share in multi-million dollar windfall profits for doing absolutely nothing. It is also a misconception that the victim's bank account is requested so the culprit can plunder it -- this is not the primary reason for the account request -- merely a signal they have hooked another victim. Here are some things to watch for:

- In almost every case there is a sense of urgency and the confidential nature of the transaction is emphasized;
- The victim is enticed to travel to Nigeria or a border country;
- There are many forged official looking documents and most of the correspondence is handled by fax or through the mail;
- Blank letterheads and invoices are requested from the victim along with the banking particulars;
- Any number of Nigerian fees are requested for processing the transaction with each fee purported to be the last required;
- A Nigerian residing in the U.S., London or other foreign venue may claim to be a clearing house bank for the Central Bank of Nigeria;
- There are usually claims of strong ties to Nigerian officials and offices in legitimate government buildings appear to have been used by impostors posing as the real occupants or officials.

How It

The most prevalent, successful form of this type of fraud is the funds transfer scam. An individual or business will receive an unsolicited letter by mail, fax or email from a Nigerian claiming to be some high-level government official. In the letter he will inform the recipient that he is looking for a reliable, honest foreign company or individual into whose account he can deposit funds ranging from \$10 to \$60 billion that the Nigerian government overpaid on some procurement contract.

The letter refers to previous investigations for overpayment of contracts. The recipient is offered a commission of up to 30% for assisting in the transfer. The victim may be asked to supply company letterhead and false invoicing to show completion of the contract. As the



victim is drawn in, there will be more legal jargon, more official-looking documents and more delays. All through the process, secrecy and urgency are emphasized. The victim is lead to believe that he has been singled out from the rest of the entire world to receive this pot of gold. Then, when he is hooked and really believes he is on the verge of great wealth, the deal is threatened. Some government official must be bribed, some fee paid, some attorney or registration fee. Each time is supposedly the last snag. Eventually, the person may be asked to travel to Nigeria or some border

country in order to expedite the transfer. In many cases, this lure is only to get you into the country illegally and then you are faced with either going to jail or transferring funds they demand.

A New Twist

Now, instead of trying to get large sums of money transferred out of their country, they want to buy your stuff! The scammers pose as potential buyers for big-ticket items, such as cars, listed for sale on-line.



The buyer explains that a business associate in the United States will mail the seller a cashier's check for the amount of the item plus the cost to transport it overseas. The seller is asked to wire the transportation fees to the buyer once the check has cleared so the buyer can arrange for shipment.

But a week or so after the check clears and the money has been wired, victims are notified by their banks that the check was counterfeited.

Scam victims admit they initially were skeptical when the deal was brokered, but after receiving and depositing a cashier's check that cleared,

they assumed all was well. Many people don't realize that when a bank says funds have cleared, it doesn't mean the check is good, according to Carol McKay, Director of Communications for the National Consumers League.

Under federal law, depending on the types of checks deposited, banks must give consumers access to the money within one to five days. Longer holds can be placed on deposits over \$5,000, but banks are reluctant to "inconvenience their customers," McKay explained.

"Unfortunately, it can take weeks for fake checks to be detected in the banking system. And consumers are then left holding the bag for the money they've withdrawn. That's because it's the depositor, not the bank, who is responsible if a check turns out to be bad."

Jeff and Shawn Mosch were victims of the scam, and they figure their bank is just as much at fault as the con artist who ripped them off for \$7,200. Shawn said she went to the bank with the cashier's check and told the teller, "I need to know when this is going to be a good, clear check -- when this is going to be actual money I can spend and it's never going to come back and bite me in the butt." She was told she would be out of harm's way in 24 hours. She waited an extra day just to make sure, and then wired the money to the buyer. Five days



later, the bank informed Mosch the check was counterfeit and her checking account was now \$5,000 overdrawn.

"Banks would serve their customers better by explaining that they can't immediately tell if the checks are good and that the depositors will be stuck if they're not," McKay said. "In general, it's probably a good idea to wait several weeks before drawing on checks from unfamiliar sources."

"But the bottom line is this: No legitimate company will offer to pay you by arranging to send you a check and asking you to wire some of the money back. If that's the pitch, it's a scam:'

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Article credited to Wired News. Find it on-line at

www.wired.com/news/culture/0,1284,56829,00.html

US Response

Why has the Advance Fee Fraud so dramatically increased over the last several years? The Nigerian Government blames the growing problem on mass unemployment, extended family systems, a get-rich-quick syndrome, and, especially, the greed of foreigners.

Indications are that Advance Fee Fraud grosses hundreds of millions of dollars annually and the losses are continuing to escalate. In all likelihood, there are victims who do not report their losses to authorities due to either fear or embarrassment.

In response to this growing epidemic, the United States Secret Service established "Operation 4-1-9" designed to target Nigerian Advance Fee Fraud on an international basis. The Financial Crimes Division of the Secret Service receives approximately 100 telephone calls from victims/potential victims and 300-500 pieces of related correspondence per day.



What to Do

If you receive a letter, fax or email, **DO NOT RESPOND.**

If you wish to or are doing business with the Nigerian government, follow these rules:

NEVER pay anything up front for **ANY** reason.

NEVER extend credit for **ANY** reason.

NEVER do **ANYTHING** until you are **CERTAIN** the check cleared.

NEVER expect **ANY** help from the Nigerian government.

NEVER rely on **YOUR** government to bail you out.

If you have been victimized by one of these schemes, please forward appropriate written documentation to the United States Secret Service, Financial Crimes Division, 950 H Street, NW, Washington, D.C. 20223, or telephone 202-406-5572.

If you have received a letter, but have not lost any monies to this scheme, please fax a copy of that letter to (202) 406-5031.

Helpful links:

Nigeria – The 419 Coalition Website

<http://home.rica.net/alphae/419coal/>

United States Secret Service

<http://www.ustreas.gov/usss/alert419.shtml>

TENNESSEE SECURITIES DIVISION
Davy Crockett Tower
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Nashville, Tennessee 37243-9575
800-863-9117
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